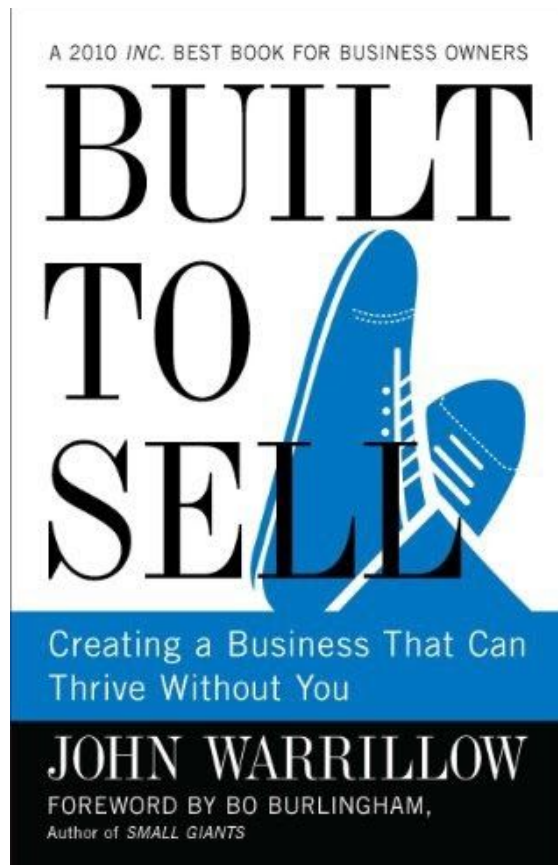


Built To Sell

John Warrillow



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Book Summary

In the book, John's basic premise is that business owners should build a sellable, product-oriented business, even if they have no plans to step away or sell it. The goal is to build a business that can run without them.

Assume that your company will last forever, and always make decisions to maximise its value so that it can be sold at any moment for the highest price. Think big by having a 3-year plan with a big, audacious vision for your business.

Don't be a generic service business, be a product-oriented scalable business. Say "customers" instead of "clients", and "business" instead of "firm".

You need at least two years of financial statements behind any major changes in your company (restructuring, new product lines, etc) to back any sale.

Don't become synonymous with your company. It'll reduce your company's value.

Specialise instead of being a generalist. Focusing will allow you to hire specialists as well, and get so much better than your competitors, allowing you to stand out.

Develop a process and own it. It'll make it easier to pitch and for clients to buy into your service. Use this to create positive cash flow. By standardizing your service, you can front-load your invoices.

Beware of concentration risk: relying too heavily on a few clients is risky and isn't

attractive to buyers. No single client should make up more than 15% of your revenue.

Say no to projects that are outside your area of expertise. This demonstrates that you're serious about specializing. This increases your chances of a referral because you're known as the guy who specialises in XYZ.

Figure out how many pipeline prospects will lead to sales, and you can estimate the size of the market opportunity.

Always have more than one sales rep. It breeds competition amongst them, and shows potential buyers that you have a system, and not just a god-like sales person. Make sure they are good at meeting clients' needs. You don't want a sales person who agrees to customise your business to fit what the client wants.

Build up a management team and incentivise them with a long-term reward plan around their personal performance and loyalty.

Use business advisers who are familiar with your industry and for whom you will be neither their largest nor their smallest client. Never be in a discussion with just a single buyer. You want to pit your buyers against each other.

Retaining key employees after an acquisition is important. Don't use stock options but a cash earn-out bonus instead to ensure they stay through the transition.

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Thank you for reading this book summary. The above book summary is just a concise summary of the lessons that I had learnt from the book. To get all the points and stories covered in the full book, you should purchase the full book.

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